

COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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DATE: Week Ending Friday, April 24, 2009

TO: Department of Health Care Policy and Financing Community

FROM: Ginny Brown, Legislative Liaison and Nicole Storm, Legislative Analyst

RE: Legislative Report – 2009 Session of the Colorado General Assembly

The General Assembly continues to attempt to balance the FY 2009-10 budget. By law, the General Assembly has to have a balanced budget and unlike the federal government, Colorado cannot have deficit spending.

Even though the state has over two months left in FY 2008-09, and the legislature is busy trying to balance funding for FY 2009-10, the Department is already beginning work on the FY 2010-11 budget.

The Senate introduced SB09-259, **the Long Appropriations Bill**, on April 9, 2009. Since then, there has been much debate and controversy on how to balance the FY 2009-10 state budget. Initially, the House attempted to balance the budget by taking money from Higher Education. When Senate President Peter Groff announced that he would not vote for the Long Bill by taking money from Higher Education, the House attempted to balance the budget by taking money from reserves from Pinnacol Assurance, the state-created workers compensation insurer. If enacted, Pinnacol Assurance vowed to challenge the notion in court. The idea also faced challenges from House Republicans and from a nopinion from the state attorney general's office that taking the money from Pinnacol was unconstitutional. Governor Ritter announced that he would not support using Pinnacol money, after deciding there were too many unresolved issues between Pinnacol and state government. The Joint Budget Committee is now recommending furloughs in addition to a \$15M one-time cut to community health centers. The Senate voted on Wednesday to adopt the JBC's recommendations.

HB09-1342, Representatives Benefield and Kagan and Senators Boyd and Williams, **Eliminate Cigarette Sales Tax Exemption**, was heard on Tuesday in House Finance Committee. This bill eliminates the state sales and use tax exemption for cigarettes beginning July 1, 2009. This will help to close a \$30M gap in the state budget. The bill now moves to Appropriations.

On Tuesday, April 21, Governor Ritter signed into law the **Colorado Health Care Affordability Act**, which will provide health coverage to more than 100,000 uninsured Coloradans and reduce uncompensated care and will help stem the rising cost of health insurance for businesses and families by addressing cost-shifting. House Bill 1293, sponsored by Representatives Riesberg and Ferrandino and Senators Keller and Boyd, assesses a provider fee on hospitals and will generate an additional \$600 million a year to provide coverage to the uninsured, and receive \$600 million in federal matching funds. The combined \$1.2 billion would cover more than 100,000 currently uninsured Coloradans through Medicaid and the Child Health Plan *Plus* (CHP+). The funds also would improve hospital reimbursement rates for service provided through Medicaid and the Colorado Indigent Care Program (CICP).

Uninsured patients and Medicaid underpayment to hospitals are two of the primary causes of cost-shifting and rising healthcare costs for consumers, businesses and providers. By improving access to coverage and increasing hospital reimbursement rates, the Colorado Healthcare Affordability Act will address both of those drivers and help stem rising costs across the system. In turn, this will benefit businesses and families by reducing the cost shift and the rate at which healthcare costs are increasing.

The Colorado Hospital Association, the Department of Health Care Policy and Financing and the Governor's Office worked together for nearly a year to develop House Bill 1293, which passed both the House and the Senate with more than 40 co-sponsors and bipartisan support.

On Thursday, a Department bill to authorizes pregnant women and children who are legal immigrants to be eligible for Medicaid prior to the 5-year waiting period following their date of entry into the United States, passed before the House Health and Human Services Committee and now moves to Appropriations. HB09-1353, **Medical Benefits for Legal Immigrants**, sponsored by Representative Miklosi and Senator Foster, allows the Department to provide Medicaid benefits to children and pregnant women who are lawfully residing in Colorado. Through rule the Department is currently authorized to offer CHP+ benefits to lawfully residing children and pregnant women, but this bill provides the statutory change to allow this population to be covered by Medicaid and a change to the State Plan Amendment.

For more information about legislative activities please contact Ginny Brown 303-866-3972 or Nicole Storm 303-866-3180 or access www.colorado.gov to search the General Assembly Web site. A legislative report will be updated weekly on our Web site www.colorado.gov/hcpf under Partners and Research, Legislative Information, Legislative Update.